

**STATE OF LOUISIANA  
OFFICE OF FINANCIAL INSTITUTIONS  
BATON ROUGE, LOUISIANA**

September 10, 2004

**POLICY NO. DI-03-2004  
(B,SB,SL)**

**INTERSTATE BANKING**

- I. PURPOSE:** To define procedures for the proper supervision of out-of-state, state-chartered financial institutions with branches in Louisiana (OSFIs) and Louisiana state-chartered financial institutions with branches in other states (ISFIs)
- II. APPLICABILITY:** OSFIs, ISFIs, and OFI's depository personnel
- III. GENERAL:** The regulation and supervision of interstate financial institutions will be governed by the November 13, 1996, Nationwide Cooperative Agreement (NCA), the November 14, 1996, Nationwide State/Federal Supervisory Agreement (NSA), and the 1999 Nationwide Cooperative Agreement for Supervision and Examination of Multi-State Trust Institutions (NTA).
  - A. PROCEDURES FOR OSFIs**
    - 1. Once it has been determined that an OSFI will be entering Louisiana, the Deputy Chief Examiner (DCE) will assign a Review Examiner (RE) as the primary contact person (PCP) for the institution. The DCE will be assigned as the alternate contact person.
    - 2. The PCP will stay abreast of the level and type of activity conducted in Louisiana and will contact the central point of contact (CPC) from the home state if he/she becomes aware of a problem, deficiency, or complaint.
    - 3. The PCP will contact the CPC at least semi-annually to discuss common areas of concern and to keep the lines of communication between the two offices open. Documentation of each communication will be placed in OFI's correspondence file.
  - B. PROCEDURES FOR ISFIs CONDUCTING BUSINESS IN ANOTHER STATE**
    - 1. Once it has been determined that an ISFI will be entering another state, the DCE will send the state banking department a Host State Questionnaire (attached) to ascertain the host state's desired level of

involvement in the supervision and examination of the institution. Based

on the results of the questionnaire, the DCE will draft a Cooperative Agreement for the Supervision and Examination of Multi-State Entities to be signed by the lead state regulators from both banking departments.

2. The RE already assigned to that institution will be the CPC for the institution, and the DCE will act as the alternate CPC.
3. Information that will automatically be shared by the CPC with the contact person in the other state is listed below:
  - a. Examination findings
  - b. Response to the examination findings, if a response was requested
  - c. Proposed enforcement action
  - d. Final enforcement action
  - e. Status of compliance with enforcement action
  - f. Advanced notice of any new activity that will be conducted within the borders of the host state
  - g. Notice of decisions regarding applications, notices, etc., within host state
  - h. Quarterly information summarizing the volume, nature, and resolution of consumer complaints
  - i. Off-site monitoring reports
  - j. Annual directors' examination or external audit report
4. The CPC will give the PCP reasonable notice of any upcoming examination of a multi-state institution and request the host state's participation if the host state indicates a desire to participate in the examination on the Host State Questionnaire. The host state will also be given the option of attending specific meetings, such as the exit, board, or other management meetings.

#### C. HOST STATE PARTICIPATION ON EXAMINATIONS

1. When OFI requests the use of host state examiners on a multi-state examination, the host state will be compensated for the examiners' time and travel expenses in accordance with the cooperative agreement between the states.
2. When Louisiana is the host state, a periodic examination of the institution to ascertain its level of compliance with applicable Louisiana Consumer Credit Law (LCCL) or trust laws will be conducted. The findings will be sent to the home state to be incorporated into the final examination report.

D. SHARING ASSESSMENTS

1. By June 30<sup>th</sup>, using the preceding year's branch figures, this office will share assessments with other host states who would agree to share assessments in accordance with the formula developed by CSBS' District III. The DCE will calculate the amount of assessments that should be shared with each host state. The Administrative Specialist (AS) in-charge of depository institutions' assessments will send the calculation to the host state and request an invoice for the amount of the shared assessment. The DCE and Accounting Manager should be copied on the correspondence requesting the invoice.
2. When a home state submits a calculation to share assessments to this office, the DCE will check the amounts and request that the AS submit an invoice for the amount of the shared assessment. The DCE and Accounting Manager should be copied on the invoice.

- E. EXCEPTIONS—Any exception to this policy requires the prior written approval of the Commissioner.

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John Ducrest  
Commissioner of Financial Institutions

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Date

KLM

**LOUISIANA OFFICE OF FINANCIAL INSTITUTIONS**

**QUESTIONNAIRE FOR HOST STATE PARTICIPATION IN THE EXAMINATION  
AND SUPERVISION OF A LOUISIANA STATE-CHARTERED BANK**

Please complete this initial questionnaire so that this office can determine the degree to which you desire to participate in the supervision and regulation of the branches of this Louisiana state-chartered financial institution which operates branches in your state. Once completed, please return the questionnaire to Ms. Kerry Morris, Deputy Chief Examiner, Office of Financial Institutions, 8660 United Plaza Blvd., 2<sup>nd</sup> Floor, Baton Rouge, LA 70809.

Host State Banking Department: \_\_\_\_\_

Bank: \_\_\_\_\_

Contact person for host state banking department: \_\_\_\_\_

Contact person's phone number: \_\_\_\_\_

Contact person's e-mail address: \_\_\_\_\_

Total assets of bank: \_\_\_\_\_ As of date: \_\_\_\_\_

Total deposits of bank: \_\_\_\_\_ As of date: \_\_\_\_\_

Total deposits of branches in host state: \_\_\_\_\_ As of date: \_\_\_\_\_

(1) Please check all of the following that describe the extent of **inclusion** that your department is interested regarding the examination and regulatory supervision of the branches located in your state.

\_\_\_\_\_ Participation in pre-planning of examination activities

\_\_\_\_\_ Participation in the examination activities, with up to \_\_\_\_ examiners working \_\_\_\_ loans, \_\_\_\_ operations, \_\_\_\_ state consumer compliance, and \_\_\_\_ other \_\_\_\_\_

(describe)

- \_\_\_\_\_ Participation in management and Board meeting wrap-ups
- \_\_\_\_\_ Advance notice of any targeted examination activities
- \_\_\_\_\_ Participation in drafting report
- \_\_\_\_\_ Participation in resolution of consumer complaints related to the bank
- \_\_\_\_\_ Inclusion of specific information requested through the examination process
- \_\_\_\_\_ Willing to travel out of state for examination duties
- \_\_\_\_\_ Other (describe) \_\_\_\_\_
- \_\_\_\_\_ Other (describe) \_\_\_\_\_
- \_\_\_\_\_ Other (describe) \_\_\_\_\_

(2) Please check all of the following that describe the extent of **information** that your department is interested in receiving regarding the examination and regulatory supervision of the branches located in your state.

- \_\_\_\_\_ Notice of all corporate activities filings related to the Host State as they occur
- \_\_\_\_\_ Copies of all corporate activities filings related to the Host State as they occur
- \_\_\_\_\_ Copies of all consumer complaints filed and resolution data related to them
- \_\_\_\_\_ Copies of all significant consumer complaints filed and resolution data related to them
- \_\_\_\_\_ Provision of a contact point on questions of consumer complaints
- \_\_\_\_\_ Recaps of all consumer complaints related to the bank
- \_\_\_\_\_ Copies of all major correspondence related to the bank: \_\_\_\_ as it occurs, \_\_\_\_ other frequency \_\_\_\_\_ (describe)
- \_\_\_\_\_ Copies of all examinations, target examinations, management responses, as developed
- \_\_\_\_\_ Access to review all supervisory material and work papers retained
- \_\_\_\_\_ Advance notice of \_\_\_\_ days prior to scheduled entry date

- \_\_\_\_\_ Advance notice on any potential enforcement actions
- \_\_\_\_\_ Advance opportunity to comment and possibly participate on potential enforcement actions
- \_\_\_\_\_ Other (describe) \_\_\_\_\_
- \_\_\_\_\_ Other (describe) \_\_\_\_\_
- \_\_\_\_\_ Other (describe) \_\_\_\_\_

(All costs related to providing information will be borne by the Home State.)

- (3) Please check all of the following that describe the extent of **income** that your department wishes to receive from the Host State regarding the examination and regulatory supervision of the branches located in your state.

\_\_\_\_\_ Examination activity rate for the following levels of examiners:

\_\_\_\_\_ per \_\_\_\_ hour or \_\_\_\_ day for Certified Operations Examiners

\_\_\_\_\_ per \_\_\_\_ hour or \_\_\_\_ day for Certified Credit Examiners

\_\_\_\_\_ per \_\_\_\_ hour or \_\_\_\_ day for Certified Examiners-in-Charge

\_\_\_\_\_ Examination activity rate at the actual rate of pay for the examiner(s) performing the examination duties (within range of \_\_\_\_\_ to \_\_\_\_\_ per \_\_\_\_ hour or \_\_\_\_ day)

\_\_\_\_\_ Per diem/meal allowance of \_\_\_\_\_ per day

\_\_\_\_\_ Meal allowance of \_\_\_\_\_ for breakfast, \_\_\_\_\_ for lunch, and \_\_\_\_\_ for dinner

\_\_\_\_\_ Travel costs of a reasonable amount, with a \_\_\_\_\_ cap for lodging, \_\_\_\_\_ for mileage,

\_\_\_\_\_ for other transportation costs, and \_\_\_\_\_ for other \_\_\_\_\_

\_\_\_\_\_ (describe)

\_\_\_\_\_ Charges for time outside of actual examination activities but related to the institution

\_\_\_\_\_ Assessment sharing based on volume of bank operating in the Host State (which

commits the Host State to 15 percent of the host state's share of deposits in this institution)

This income shall be payable by the following method: \_\_\_\_ bill to the Home State; \_\_\_\_ bill to the bank, but given to the Home State department to provide to the bank; \_\_\_\_ direct payment of actual transportation and lodging bills to the vendor by the Home State; \_\_\_\_ combination of the above, being \_\_\_\_\_ (describe)

(4) Please check all of the following that describe the extent of a **future relationship** that your department is interested in maintaining with the Home State banking department with regard to the supervision and regulation of this institution.

\_\_\_\_ Participation in annual visits by the home state banking department to discuss all areas of concern that have transpired over the year involving the institution as well as the cooperative program

\_\_\_\_ Completion of an annual questionnaire provided by the home state's banking department to adjust the host state's level of participation in the institution's supervision and regulation

\_\_\_\_ No additional visits are necessary